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A yellow banner for Penske Truck Leasing. On the left is the Penske logo with the text "Rental Leasing Logistics" below it. In the center, it says "PENSKE TRUCK LEASING" in bold, followed by "FULL-SERVICE LEASING AND CONTRACT MAINTENANCE." On the right, there is a blue button with the text "LEARN MORE".

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Article

Medium-Duty Update: Winners, Losers and Overall Steady Growth

Gasoline power keeps gaining and alternative fuels climb in lighter classes

August 2013, TruckingInfo.com - Cover Story

by Tom Berg, Senior Editor - [Also by this author](#)

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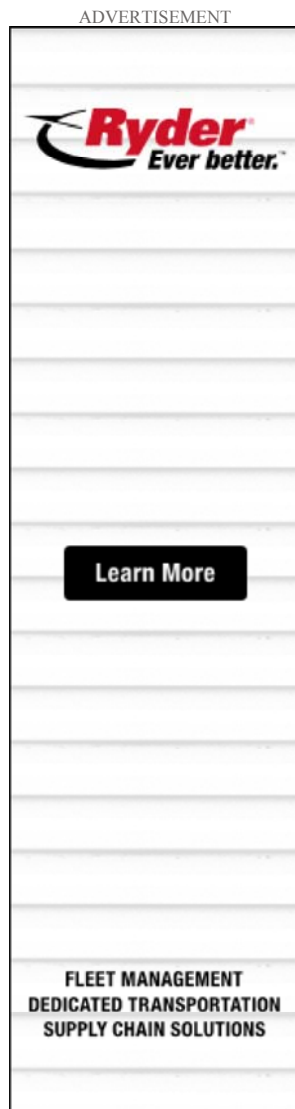


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Depending on who you are in the medium-duty truck business, things are going great, or well, or not so good but looking up. A few builders have picked up market share in Classes 3, 4 and 5 and in Class 6-7. Others have lost some or a lot, but sales continue to climb for most midrange truck makers.

Helping is the health of the economy, which medium-duty truck sales generally mirror, even if employment isn't what most economists (and the unemployed) would like. In addition to strong consumer confidence, especially beneficial to this segment is the modest return of new home construction.

The current king in the midrange business is Freightliner, which as of May held 42.3% of Class 6 and 49% of Class 7 sales, according to compilations by HDT from Ward's Communications data. Freightliner also held 39.3% of the Class 8 market.



“A few years ago we decided that we wanted to be at the top not just in highway trucks, but also in medium-duty,” says Mary Aufdemberg, director, product marketing. Freightliner has seriously gone after medium-duty business since entering that market about two decades ago, and in recent years has designed its M2-series chassis so they can be easily fitted with customized specialty bodies. It has also focused on service by its dealers.

The Framework program, announced in March at the National Truck Equipment Association's Work Truck Show, formalizes practices already being done for upfitters, such as keeping the tops of frame rails clean, pre-drilling them and mounting tanks and fuel, air and electrical lines to match body builders' requirements. It also educates upfitters on use of its multiplex electrical system.

As for dealers, "It's not just the size of the dealer network," says Dave Hames,



Freightliner



Ford:

The Ford SuperDuty with the base XL trim gets a new appearance package that includes a chrome surround to the black grille. The Class 3 to 5 F-series otherwise continues with gasoline V-8 and V-10 power plus Ford's Power Stroke diesel. F-650 and 750 have new dual-face mirrors and retain gasoline (for the F-650) and optional Cummins ISB diesel (standard in the F-750). Ford will skip the 2014 model year and instead start its 2015 MY this January.

general manager, marketing and strategy, “but, from the customer’s perspective, do they have a dealer close to me?”

Aufdemberg adds about most buyers of midrange trucks: "They're not in trucking, so they don't want to overthink the purchase. They're influenced by their peers, and go with what they know and what they're comfortable with. They don't do a lot of shopping like the heavy-duty customers do."

M2-106 is Freightliner's principal Class 6-7 offering, and it is highly customizable to suit many applications and accommodate many specialty bodies. Those and other attributes, as well as stumbling by its main competitor, have vaulted Freightliner far into the market-share lead in these midrange classes. Cummins' ISB6.7 diesel powers this model and the severe-duty 106SD version.

Navistar International once stood where Freightliner does in Class 6 and 7, but has dropped to a combined 25% in those classes – still a halfway respectable second place – and slumped to 14.3% in Class 8.

"We've taken a market share hit in medium, and it is primarily

related to the challenges we have seen in Class 8 as we have transitioned our engine strategy," says Navistar spokesperson Elissa Maurer. "As we improve our Class 8 share with these customers, the spillover effect will help us on the upside, just like it hurt us the past few years.

In June Navistar announced that it will introduce selective catalytic reduction in its medium-duty engines at the beginning of calendar year 2014. The SCR equipment is being supplied by Cummins, which is also supplying entire diesels and aftertreatment equipment for SCR for Class 8 International trucks. Navistar stumbled badly in its previous non-SCR stance on its diesels, which brought down sales that led to major losses and a shakeup of top management.

Number 3 in Class 6 market share is Ford, with almost 22%, thanks partly to its offering of both gasoline and diesel power in its F-650 trucks. Ford's Class 7 share with the diesel-only F-750 in May was 6%, about the same as Kenworth and more than all other players except Peterbilt, which had 8.8% of Class 7. KW and Pete sell identical low-cabover and similar conventional-cab models gotten from their corporate parent, Paccar, which can claim a combined market share of nearly 15%.

Hino, a success story since its conversion from all low-cab-forward products to American-assembled conventional-cab trucks more than a decade ago, holds 9.2% of Class 6 and 3.4% of the Class 7 market. UD Trucks, which had a wide range of products for a Japanese importer, has left the U.S. sales market, but says it will continue supporting vehicles now on the road.



Fuso:

Purveyors of refrigerated foods are strong customers Canter low-cab-forward trucks. Mitsubishi Fuso Truck of America introduced the redesigned series two years ago, and they continue with essentially no changes. Their FE-prefixed model numbers approximate their GVW ratings in pounds in Class 3, 4 and Class 5. All use the small-displacement the 3-liter 4P10(T5) diesel and Fuso's Duonic 6-speed automated mechanical transmission.



GM:

Sales are a little down from last year at Mitsubishi Fuso Truck of America, says Josh Tregear, marketing communications manager. "But we've seen a momentum shift in the last couple of months. We're being aggressive on low-interest-rate financing, lower prices on current models, and other things. We sold about 3,400 units in 2012, which is a 20% share in Class 3 to 5 low cabovers."

A continuing look

Len Deluca, Ford's director of commercial vehicle sales and marketing, notes that medium-duty sales show "good, steady growth" in most segments. The heavier classes are down 8.5% this year but will probably rebound in the last six months due

GM's Chevrolet Silverado and GMC Sierra get into medium-duty with the 3500 HD. The Class 3 model will soon get fresh styling and interior designs applied to the 1500 pickups earlier this year. As before, the 3500 HD is available in three cab styles, with two Vortec gasoline V-8 engines mated to a Hydra-matic 6L90 six-speed automatic, or the optional Duramax V-8 diesel with an Allison 1000 six-speed.

650) models.

But Chrysler's Ram brand has come on very strong, with almost 46% in those commercial classes, according to the Ward's data. Aggressive sales tactics are one reason. Also, starting in 2011, planners placed great emphasis on making Ram chassis-cab models upfitter-friendly, with flat frame rails made of 50,000-psi steel and all tanks and other frame-hung equipment placed below the tops of the rails, according to Joe Benson, head of Ram Commercial.

Another factor is the continued popularity of the Cummins Turbo Diesel in the 3500, 4500 and 5500 series. The 5.7-liter Hemi gasoline engine is offered in the 3500 chassis-cabs and pickups, and a larger engine will soon be available in all three models.

"We never had a gasoline engine in the 4500 and 5500," Benson says, "but it's growing fastest in the 3500." So a change will come in the 2014 model year with the introduction of a 6.4-liter gasoline V-8 for the now diesel-only 4500 and 5500 and in the 3500. Based on a high-performance auto engine but beefed up for truck duty, the Hemi 6.4 will provide credible power in those trucks.



Isuzu:

Class 3 NPR Gas (shown) and Class 4 NPR-HD Gas, with a GM-built 6-liter gasoline V-8 and Hydra-matic 6-speed automatic, gets to 20-25% of Isuzu's sales. Diesel takes 75-80% of sales, but is divided between the 5.2-liter 4HK1-TC inline 4 that powers the Class 4 NPR-HD and the Class 5 NQR, and the 3-liter

to the resurgence of new-home construction, he says. Ford's own sales in those two classes are up 19.7%.

In Classes 3, 4 and 5 Ford has been a traditional leader with its F-series, and was again strong in May with almost 34.5%. Ford offers both gasoline and diesel power in F-250 through 550 (and



Hino:

Dump trucking is among the popular applications for Hino Trucks' model 338 (shown) and model 268 domestically assembled conventional-cab trucks. They are now standard with a clean back-of-cab area to ease body mounting by upfitters. Hino conventionals continue to build strong sales momentum, ending the company's fiscal year in March with an 11% share of the Class 6 and 7 market.

"The Hemi 5.7 is great, but there's a psychological barrier among some customers that if it's not 6 liters or better, it's not capable enough," Benson says. "The 6.4 Hemi also gives us best-in-class towing and payload, plus diesel-like features like dual alternators, left- or right-side PTOs on transmissions, and timed idle shutdown. There's also cylinder shutdown in drive and PTO modes. It'll help bring down the total cost of ownership, which is in the top three concerns of customers."

Fuels and emissions

2010-level emissions requirements have made diesels more expensive to buy in all classes. At Ram, the upcharge over gasoline ranges roughly from \$6,000 to \$9,000. It is that or higher at other builders.

4JJ1-TC inline 4 used in the Class 3 NPR Eco-Max cab-chassis and the Reach commercial walk-in van.

Several years ago, General Motors warned of high diesel premiums and noted spiking prices for diesel fuel in setting up a “why gas” website.

GM dropped all its medium-duty trucks prior to its controversial bankruptcy and, while now recovering nicely on strong sales of its cars and light trucks, stays mum about any return to heavier midrange vehicles.

Its sole offering in the segment covered by this article is the 3500 HD pickup, which can be had with gasoline or Duramax diesel power. A spokesperson declined to comment for this story.

Isuzu Commercial Truck of America, General Motors’ former partner in the medium-duty business, remains a GM customer with the use of a 6-liter gasoline V-8 and Hydra-matic automatic transmission in its Class 3 and 4 Isuzu NPR Gas models. Those trucks are assembled by Spartan Motors in Michigan using the GM components in cab-chassis kits sent from Japan.



Navistar:

Navistar International’s main midrange truck continues to be the Class 6 and 7 DuraStar, available in three cab styles and with three diesels. New is a Class 7 TranStar CNG truck, based on the Class 8 TranStar, with Cummins’ ISL-G engine, reflecting Navistar’s optimism about the future of natural gas. The Class 4 and 5 TerraStar 4x4 is entering production after its introduction two years ago.

factor in the lighter end of medium-duty, where most builders offer engines modified with hardened valves and valve seats to burn natural gas and propane. Ford also offers this option in its F-650 with the available gasoline V-10, and Isuzu does through its GM engines. Conversions are made by authorized upfitters, though Ram adds bi-fuel gasoline-natural gas systems to 2500 series pickups at its own plant in Mexico.

Gasoline-powered trucks account for 20 to 25% of Isuzu’s business, says Brian Tabel, Isuzu marketing director.

“Our gas business in the last two years grew a lot,” he says. “We sold a lot of gas in 2012 and could sell more gas than we can get. We’re looking at adding a second shift to the line, if those trends continue. All options are on the table.”

The price difference between gasoline and diesel is almost \$8,000 and is a contributing factor to the trend, “but more customers are saying it’s easier for drivers to drive a gas truck without having to worry about diesel exhaust fluid and other things,” Tabel says. “We used to say that 20,000 to 25,000 miles a year was the threshold to or from diesel, but we are seeing some annual mileages that are 30,000 to 35,000 with gasoline.”

Alternative fuels are a growing



Kenworth:

Kenworth’s low-cab-forward K270 and K370 (shown) use European DAF cabs and North American chassis components, including Cummins-supplied 6.7-liter PX-7 diesels and Allison 5- and 6-speed automatics, and are assembled in Mexico. Newly optional is a second 45-gallon fuel tank for greater range, and a Hendrickson HAS air-ride rear suspension in two capacities.

Otherwise, neither natural gas nor propane are factors yet in Class 6 and 7 trucks with their diesel engines.

And “hybrids are becoming a non-factor” in Class 6-7, according to Dave Hames at Freightliner.

“They just can’t make the numbers work without incentives” from government entities, Hames says. Federal tax credits for hybrid powertrains and alternative-fuel trucks have ended, but are still available in California, Texas and New York City, other sources said. That’s where such vehicles are selling.

Symptomatic of the hybrid situation is that the Fuso diesel-electric hybrid that sells well in Japan and Europe is not offered here due to low demand. “It’s something that we’ve always considered, and Fuso is the hybrid trucks center for Daimler trucks, so we’re always looking at the possibility of bringing it in,” Tregear says.



Ram:

Ram chassis-cabs, available in 3500, 4500 and 5500 series, and the Ram 3500 HD pickup, cover Classes 3, 4 and 5 for Chrysler Group. They use two-door regular and four-door crew cabs from popular Ram pickups, and currently come with several ratings of the Cummins Turbo Diesel mated to an Aisin 6-speed automatic or a Mercedes 6-speed manual (the only manual still offered in these weight classes). 2014 models will be available with a 6.4-liter Hemi gasoline V-8.

Who’s buying?

Who’s buying medium-duty trucks right now?

“Leasing and rental fleets, because business customers need them,” Hames says. “There’s also a lot of public utility and construction business, and many of the upfitters have backlogs. Question is, how much capacity can they put into it?”

At Kenworth, the biggest gains in Class 6-7 are coming in the lease and lease finance segments, says Doug Powell, medium-duty segment manager. “This is the biggest category the last few years for medium-duty, overtaking the private fleet category. As many small business owners were having trouble in the economic downturn, the MD market has seen a big shift to the lease/rental category.

“Many of the other segments are similar to 2012 numbers with a small shift up or down,” he adds. “The Class 6-7 market size is pacing to be about the same as 2012 at close to 65,000, at least through the first four months. I expect it to improve as the year moves on.”

Dealers have been selling a lot of reefer trucks, reports Josh Tregear at Mitsubishi Fuso. That’s a function of a normal buying cycle, where food purveyors are gearing up for summer. Another application is home insulating, where van bodies are set up to blow the fluffy stuff into the attics and walls of buildings. Also strong is the landscaping segment in the East and West, which typically peaks in the first and fourth quarters of most years.



Peterbilt:

Peterbilt Motors has four midrange conventional-cab models powered by Cummins-built medium- and medium-heavy diesels with Eaton and Allison transmissions. Model 325 and 330 trucks use the Paccar PX-7 (Cummins’ ISB6.7, formerly called PX-6). Model 337 (shown) can edge into the Class 8 category with heavier axles and the PX-9 (ISL8.9) diesel, but is primarily a Class 7 model that uses the PX-7.

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Comments

1. 1. Bob B. [August 30, 2013 @ 07:01PM]

Strange that GM is putting so much effort into fleet sales with their 'Business Elite' dealership program but yet continues to ignore one of the most important segments of fleet sales- medium duty trucks.

2. 2. Ed [September 14, 2014 @ 09:14PM]

I can almost guarantee that a GMC re-entry into the medium duty segment will have at least one company that would be willing to order 2000-6000 units in just a few years time should they re-enter the market. I'll offer u a hint, they're yellow and carry ice cream. STOP FORCING ISUZU CABOVER CRAP ON EVERYONE GM!

3. 3. Midway Service Center Tow [March 19, 2015 @ 05:47AM]

We still use our 5500 & 6500 (GMC, Chevrolet) tow trucks and rollbacks. They have been very good trucks and we really don't want to buy anything but GM trucks. We need new medium duty trucks and are willing to wait .Please tell us about any future plans GM has to enter back into the Medium duty truck market. Thank You, Alan Crawford, Owner/Operator.

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